

Shareholders' Annual Meeting

The annual shareholders' meeting will be held in Montreal at the Ritz-Carlton Hotel on Tuesday, February 1, 1977 at 11:30 a.m. A buffet luncheon will be served following the meeting.

Contents

| | |
|--|----|
| Directors and Corporate Officers | |
| Operating Subsidiaries and Affiliates | 4 |
| Directors Report to Shareholders | 6 |
| Financial Section | |
| 1976 highlights | |
| 10 year review | 11 |
| Consolidated balance sheet | 12 |
| Consolidated statement of income and retained earnings. | 14 |
| Consolidated statement of changes in financial position. | 15 |
| Notes to consolidated financial statements. | 16 |
| Redpath's family of companies | 19 |

Pour obtenir l'édition française du présent rapport, on est prié d'écrire au Secrétaire,
Les Industries Redpath Limitée,
Suite 1212, 1, Westmount Square,
Montréal, Québec, H3Z 2W7.

**Operating Subsidiaries, Affiliates,
and Associated Companies**

CB Packaging Limited
Toronto, Ontario

Certain-Teed/Daymond Co.
Ann Arbor, Michigan

Chantecler Wines Limited
St. Augustin, Quebec

Comtrad Ltd.
Mississauga, Ontario

Daymond Limited
Mississauga, Ontario

Devonport Trading Ltd.
Hamilton, Bermuda

Gienow Limited
Calgary, Alberta

London Plastics Machinery Limited
London, Ontario

Multi Fittings Limited
London, Ontario

Multi Fittings (U.S.A.) Limited
Waco, Texas

Redpath Consultants International
Limited
Toronto, Ontario

Redpath Sugars Limited
Montreal, Quebec

Refined Syrups & Sugars Inc.
Yonkers, New York

Seaway Insurance Ltd.
Hamilton, Bermuda

Spraycool Systems Limited
Rexdale, Ontario

Corporate Officers

Conrad F. Harrington
Chairman

Neil M. Shaw
*President
and Chief Executive Officer*

Robert G. Brownridge, C.A.
Vice-President and Treasurer

Stephen Stachenko
*Vice-President,
Agro-Industrial Division*

Ronald F. Booth
*Vice-President
and General Counsel*

John E. Wood
Secretary

Bruce C. McCallum
Assistant Secretary

Transfer Agent and Registrar

The Royal Trust Company
*Montreal, Toronto, Calgary
Vancouver*

Stock Listing

Toronto Stock Exchange
Montreal Stock Exchange
Ticker Symbol—RIN

Executive Offices

One Westmount Square
Suite 1212
Montreal, Quebec
H3Z 2W7
Tel.: (514) 935-2591

Head Office

181 University Avenue
Suite 1717
Toronto, Ontario
M5H 3M7
Tel.: (416) 362-6111

Directors

Hon. Louis P. Beaubien
*Member, Senate of Canada
Montreal, Quebec*

Robert G. Brownridge, C.A.
*Vice-President and Treasurer,
Redpath Industries Limited
Montreal, Quebec*

James M. Ferguson
*President,
Pacific Molasses Company
San Francisco, California*

Conard F. Harrington
*Chairman of the Board
and the Executive Committee,
The Royal Trust Company
Montreal, Quebec*

Roderick L. Henry
*President,
Wire Rope Industries Limited
Montreal, Quebec*

Colin Lyle
*Director, Tate & Lyle, Limited
Chairman,
Tate & Lyle Refineries Limited
Chairman,
Tate & Lyle Transport Limited
London, England*

Charles S. MacNaughton
*Honorary Co-Chairman,
Burns Fry Ltd.
Toronto, Ontario*

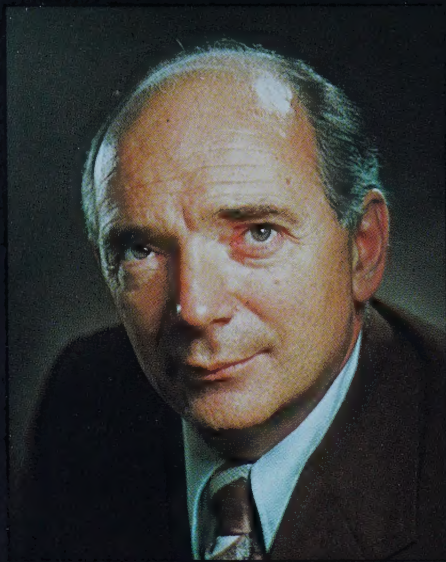
John H. Magee
*Director, Redpath Industries
Limited, Montreal, Quebec*

Paul S. Newell
*President, Dominion Envelope
Company Limited Toronto, Ontario*

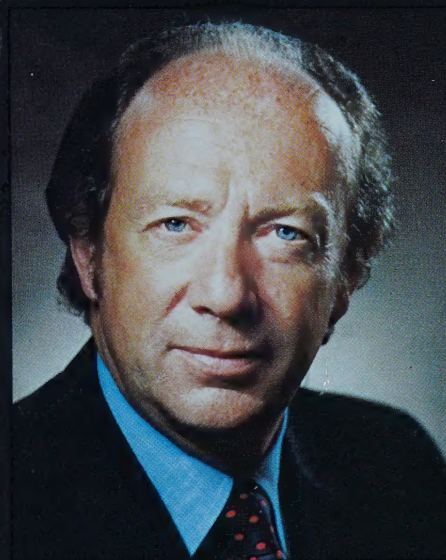
Neil M. Shaw
*President
and Chief Executive Officer,
Redpath Industries Limited
Montreal, Quebec*

David A. Tate
*Director, Tate & Lyle, Limited
London, England*

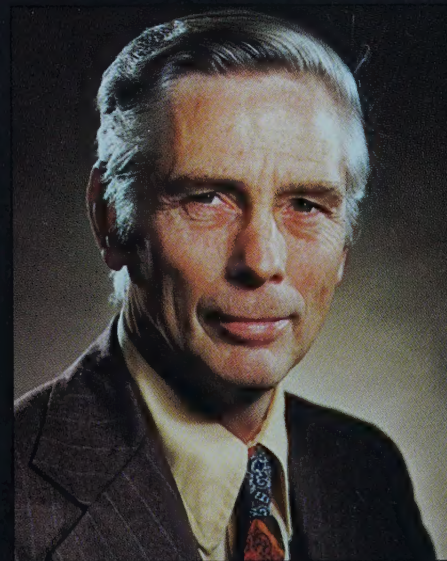
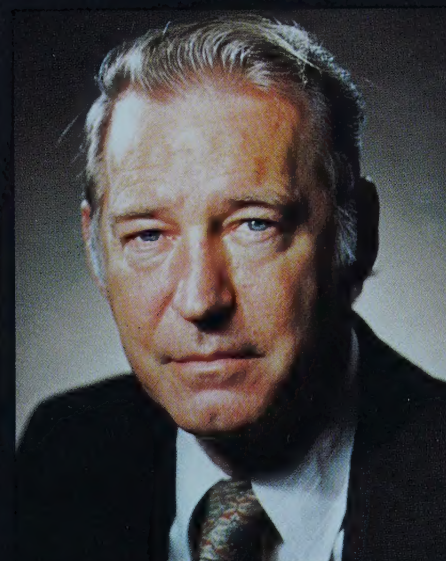
H. Saxon Tate
*Director and Chairman
of the Executive Committee
Tate & Lyle, Limited
London, England*

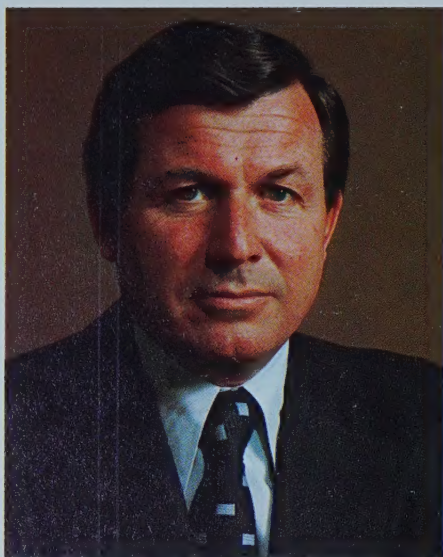


RIL Corporate officers: *Photo above clockwise from centre front, Neil M. Shaw, President; Robert G. Brownridge, Vice-President; John E. Wood, Secretary; Ronald F. Booth, Vice-President; Conrad F. Harrington, Chairman. Photo top left, Stephen Stachenko, Vice-President.*



Company Presidents: *Photo centre left, Murray D. McEwen, President, Redpath Sugars Limited; lower left, John A. Swan, President, Daymond Limited; centre, James E. McEwen, President, Multi Fittings Limited; far right, Douglas B. Wells, President, CB Packaging Limited.*





N. M. Shaw,
President
and Chief Executive Officer

Directors' Report to Shareholders Financial

Your company's financial results for 1976 set new records for both net earnings and earnings per share. While net earnings were up only marginally (approximately 2%) over 1975, net earnings before income taxes increased about 37% over the previous year.

Net income for the year totalled \$7,531,000 or \$4.75 per share compared with net income in previous year of \$7,343,000 or \$4.67 per share.

Another area of importance was the further strengthening in your company's financial position. During the year Albion Company Limited redeemed part of its preferred stock and the remaining investment was subsequently sold. The result was a substantial enhancement of working capital which increased around 120% over working capital at September 30, 1975. Book value per share rose to \$40.69 from \$37.77 last year.

Sales value totalled \$200,016,000, and was substantially reduced from the record \$270,511,000 established in 1975. The reduction of \$70,495,000 was specifically related to the sugar division. While physical sales of sugar exceeded those of the previous year, lower raw sugar prices prevailed, resulting in substantial reductions in refined sugar prices.

Raw sugar trading activities during the past year were carried out in a relatively stable market. Higher refined sales volume and improved raw sugar

trading conditions contributed to an increase in earnings from sugar refining and trading operations.

As explained in Note 2 to the financial statements the carrying value of sugar inventories exceeded market value by \$1,700,000. It has been the company's policy for many years not to adjust the value of sugar inventories to reflect closing market values as to do so would distort annual reported earnings by unrealized inventory gains or losses.

The construction materials group posted significant gains in volume. While earnings improved over the previous year, they lagged behind original expectations primarily as a result of intense competition.

Non-sugar activities accounted for 23.6% of total sales and 21.9% of earnings. Steady progress has been made in establishing your company's presence in United States markets thereby broadening the company's base for further development.

Additions to property, plant and equipment in the 1977 fiscal year are expected to reach about \$6.8 million of which some \$1,300,000 have been committed at time of writing. In the year under review, \$1,547,000 in capital expenditures were invested in sugar refining and \$4,008,000 in construction materials and packaging operations.

In December 1975 your company, together with other eastern Canadian sugar refiners, was acquitted of all charges under the Combines Investigation Act. The Crown subsequently announced its intention to appeal. At time of writing, a date for hearing of the appeal had not been set. The company will vigorously defend any appeal against its acquittal.

Your Board of Directors in October enacted By-law Number 24 providing for subdivision of the Class A and Class B interconvertible shares on a two-for-one basis, subject to ratification by shareholders and confirmation by Supplementary Letters Patent. It is expected the stock split will become effective early in March 1977. Shareholders will be asked to approve and ratify By-law Number 24 at a special general meeting to be held in conjunction with the annual meeting of shareholders on February 1, 1977.

The company had intended to increase the quarterly dividend rate effective December 1, 1975 but was prevented by Anti-Inflation regula-

tions. A relaxation of those regulations allowed the company to increase the dividend rate by 8% effective December 1, 1976. The new quarterly dividend rates are 48.6¢ on Class A and 41.3¢ on Class B shares compared to the previous rates of 45¢ and 38.25¢ respectively.

The imposition by the federal government of its prices and income controls policy at the beginning of RIL's 1976 fiscal year gave cause for concern. Management is aware of the problems created by the combined forces of inflation, unemployment, high government spending and rapid expansion of the money supply. Increasing government intervention in the private and business sectors is distasteful and generally counter-productive, but co-operation by all, including government, is necessary to restore a sound and responsive economy. Accordingly, RIL and most other businesses, accepted the legislation and complied with the spirit and the letter of the law. We took at face value the statement that the programme was to be a simple form of rough justice. It has, in fact, been an oppressive administrative burden. Constant rule changes and *ad hoc* rule interpretations have produced widespread confusion and acute difficulties for business. The programme's initial intent was to restrain incomes, wages, salaries and dividends. In due course, the emphasis was transferred to profit control even though it is generally conceded that profits have an infinitesimal effect on inflation. In our judgement, the Anti-Inflation legislation will impair prospects for investment and growth in Canada. We believe the Anti-Inflation programme should be immediately revoked or substantially moderated if Canada is not to face severe economic disruption. Canada's business prospects would vastly improve if the government removed the dead hand of its wage and price control programme, reduced excessive public spending, and ameliorated the balance of payments problem.

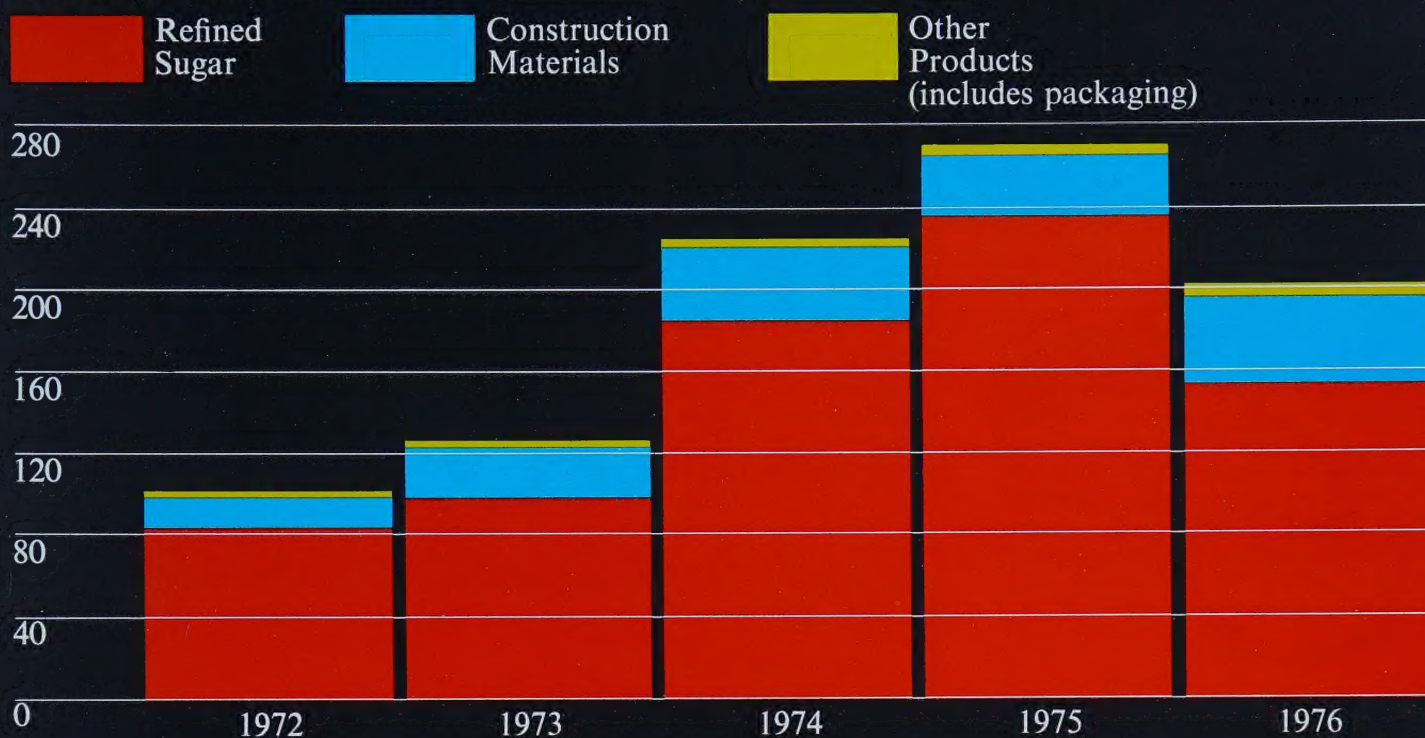
Food Operations.

Agro-Industrial Division

During the year a new division was established to manage the increasingly complex consulting and engineering activities associated with your company's basic sugar activities. The division also has responsibility for Redpath Sugars Limited, the Ivory

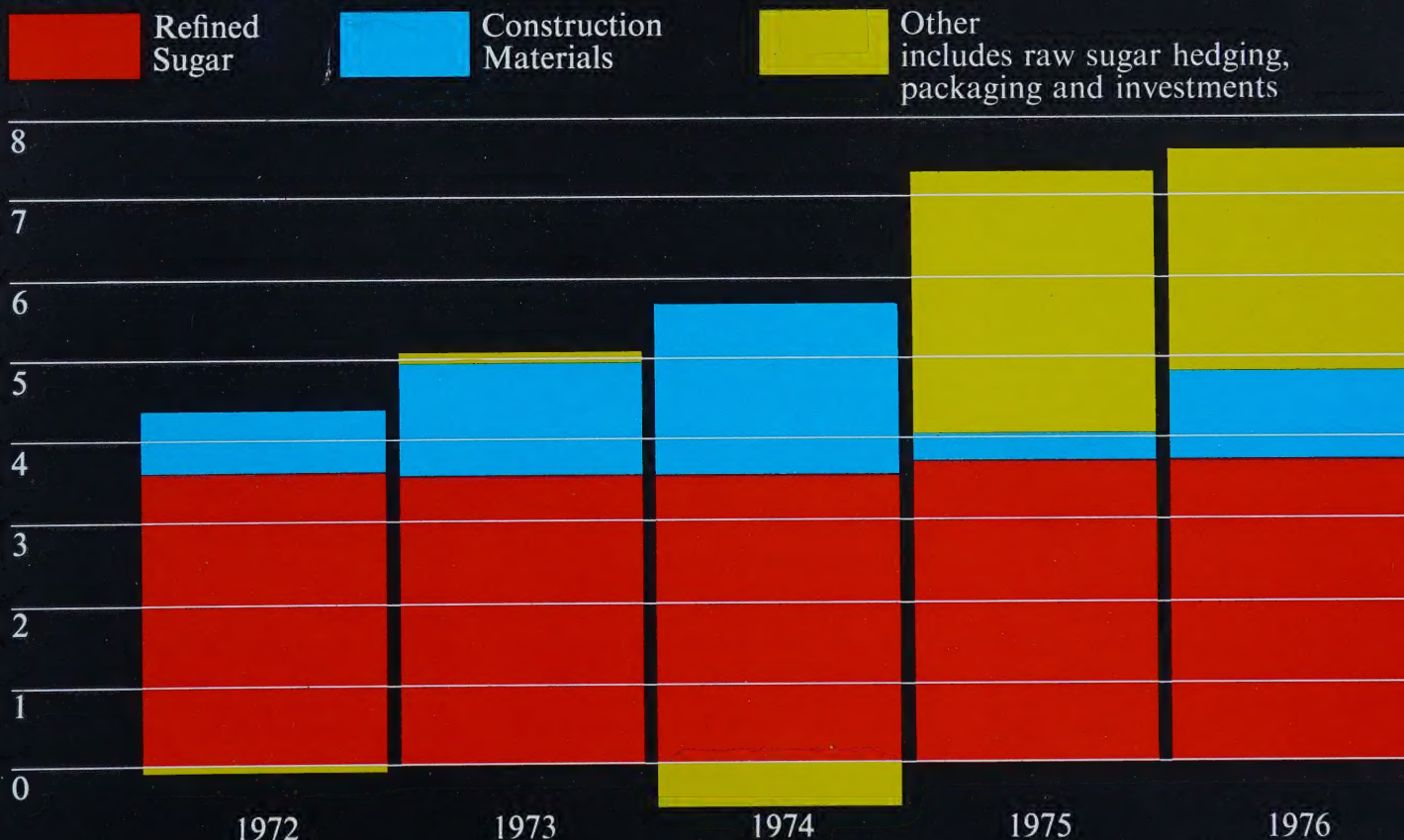
Sales (1972-1976)

Sources (in millions of dollars)



Net Income (1972-1976)

Sources (in millions of dollars)



Raw sugar hedging profits (losses) included in other:
 1972—(.6); 1973—(.5); 1974—(1.5); 1975—.6; 1976—2.2.

Coast project, and investigations of corn sweeteners. Mr. Stephen Stachenko, formerly President of Redpath Sugars Limited, was appointed a Vice-President of Redpath Industries Limited and is now the senior executive in charge of this division.



Redpath Industries Limited is completing plans to construct a sugar museum which will be open to the public. Details will be announced later in the year. The following photos show some of the artefacts already collected for display. This one shows a 19th-century sugar-devil, probably American, used in breaking up sugar in barrels.

Redpath Sugars Limited

Redpath Sugars enjoyed another successful year. Reduced raw sugar prices and consequent lower refined sugar prices caused per capita consumption to edge up from its abnormally low 1975 level, which resulted from the unprecedented high raw sugar prices that year. With the disappearance of the U.S. Sugar Act, exports of quantities of refined sugar to parts of the U.S. have been possible. Redpath marginally increased its penetration of the eastern Canadian market. It is clear, however, that there is overcapacity in the refining industry in eastern Canada which, in the long run, may inhibit the growth and profitability of Redpath's sugar refining operations. In order to combat this situation, firm action has been taken to contain costs, improve refining practices, and introduce further efficiencies.

Comtrad Limited

Your company's raw sugar purchasing and trading activities were transferred to a separate company, Comtrad Limited. Comtrad assumed responsibility for maintaining optimal inventory levels and for trading on the various sugar markets, principally London and New York. Its operations are closely co-ordinated with operations of Redpath Sugars Limited.

HFCS

In 1976 a study was undertaken to determine the advisability of establishing a high fructose corn syrup (HFCS) operation in Canada. HFCS is a corn sugar which, after special processing, has characteristics similar to refined liquid sucrose. Construction of an integrated plant to produce HFCS and other corn-derived products would require heavy capital expenditure. Considering the uncertain economy, lower price levels now prevailing on world sugar markets, the as yet undetermined market potential in Canada, and the excess U.S.A. capacity for HFCS, it was decided to defer construction of a plant. In order to establish a position in the market and to determine future demand levels, Redpath Sugars instituted a programme to import HFCS from the U.S. for resale to its customers.



Wavecrest caster in the swirl pattern, American, about 1895.

Ivory Coast

In August, Redpath and numerous financing bodies signed agreements for the construction and financing of a raw sugar facility and infrastructure in the Ivory Coast, Africa. Construction has already begun on the company's first major agricultural and sugar engineering project outside Canada. The contract, with a value in excess of \$172 million, calls for construction of port facilities for raw

sugar and molasses, preparation and irrigation of land for sugar cane and construction of a raw sugar mill. Redpath will also manage the start-up period and will train Ivorians in French, in the Ivory Coast and at the Montreal refinery, to operate the plant and equipment.

Chantecler Wines Limited

Packaging and product quality improvements have been made and recently a new approach to marketing undertaken. As a result of these changes, it is expected Chantecler's products will become more widely accepted. Financial returns are still below expectations.



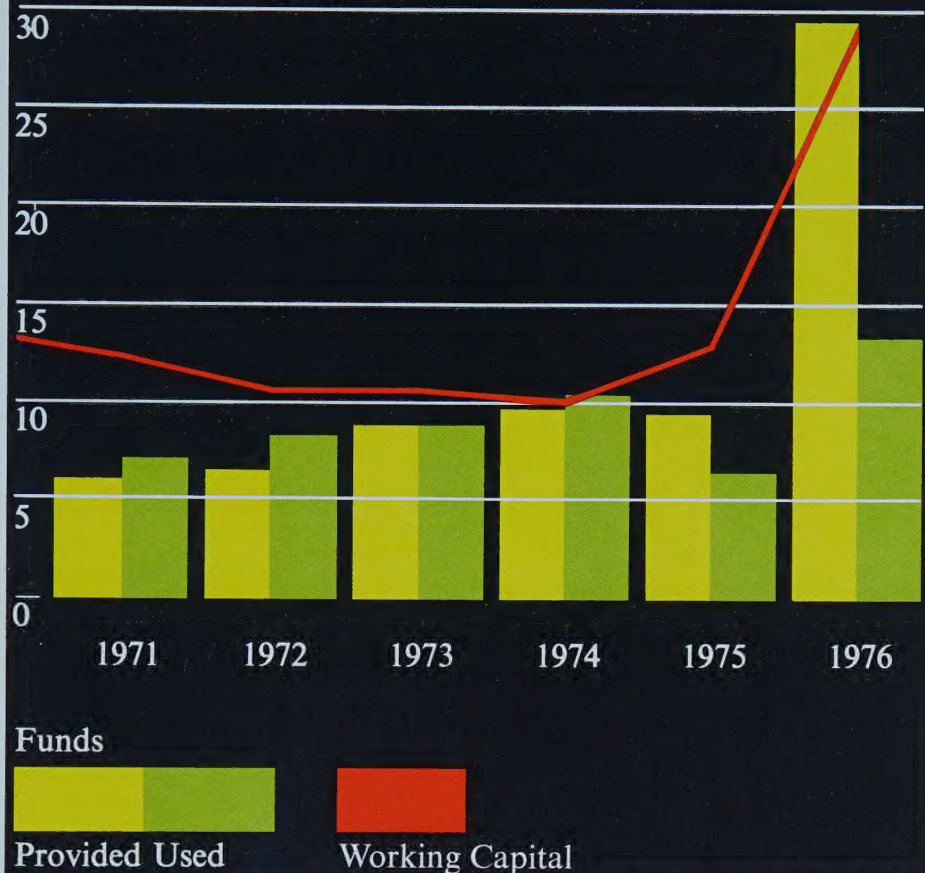
Perforated sugar-spoon, probably by Joseph Angel, London, 1890.

Non-Food Operations Daymond Limited

Daymond again achieved significant growth in sales volume, although margins were at lower levels than originally anticipated at the beginning of the fiscal year. Growth in aluminum sales was substantial and kept the Chatham aluminum plant operating at full capacity. Daymond's patented ladder process (Clench Curl) has met with success, and in only two years a considerable portion of the total Canadian market has been captured. During the year the Clench Curl process was licensed to a Mexican company, and negotiations for licensing in Europe are under way. A decision on the best means of entering the U.S. market is imminent.

Plastic operations continue to show improvement. Vinyl siding has proven to be a high quality product with encouraging potential. Considerable strides were made in the development of PVC pipe for sewer and water uses, although marketing conditions for the product have not been buoyant due to depressed selling prices and margins. Plastic land drainage tile enjoyed another successful year although competition in certain areas has intensified.

Changes in working capital



Multi Fittings Limited

The Multi Fittings group is composed of four separate operations: Multi Fittings Limited with a plastic fittings plant and head office in London, Ontario; Multi Fittings (USA) Limited, operating a plastic fittings plant in Waco, Texas; a distribution centre in St. Clair, Michigan which handles the products of both the London and Waco plants; and London Plastics Machinery Limited, manufacturer of moulds, injection moulding

machines and components for use within the Multi group, and producer of custom machining work for industry in general. The Multi group performed well during the year. The new Waco plant is in full production and expansion of the facilities is under consideration. It is significant that in the last four months of the fiscal year more than one half of Multi's sales were in the U.S.A. Substantial product and market development work was carried out during the year. Outlook for the Multi group, particularly its U.S. operations, continues to be good.

Certain-teed/Daymond Co.

This division operates in the U.S. as a partnership between Redpath and Certain-teed Products Corporation of Valley Forge, Pa., U.S.A. The division has grown quickly, and now operates four plants in the U.S. producing plastic land drainage tile. The division continues to increase its share of the plastic drainage tile market in the U.S. while functioning in a competitive environment, returning a level of profit substantially greater than industry average. Further expansion

is currently under active consideration.

Gienow Limited

Gienow, located in Calgary, Alberta has experienced a difficult year. It recently adopted a selective approach to the market which, in the second half of the year, resulted in significantly better performance than in the first six months. This new approach together with improved inventory and financial controls is expected to enhance the division's outlook for 1977. Organizational changes carried out during the year have had a beneficial effect.

CB Packaging Limited

Last year we reported that packaging was a growth area and that new investment opportunities were being investigated. This year, agreement in principle was reached to acquire Merry Packaging Limited and to purchase the assets of Holway Paper Box Manufacturing Company Limited. Protracted negotiations with the Foreign Investment Review Agency (FIRA) took place. Approval, first applied for in January, was not granted until October. The agreement with FIRA called for significant investments in the packaging division over the next several years, and action plans are now under way. Purchase of the assets of Holway was concluded in October, and its activities will be carried out as a division of CB Packaging under the name of Holway Packaging. Final arrangements to acquire Merry Packaging have been reached and the transaction should be completed in January 1977.

CB Packaging sales were slightly below those achieved last year with a consequent drop in profit. Nevertheless, progress was made in certain selected markets, and the return on capital employed was satisfactory.

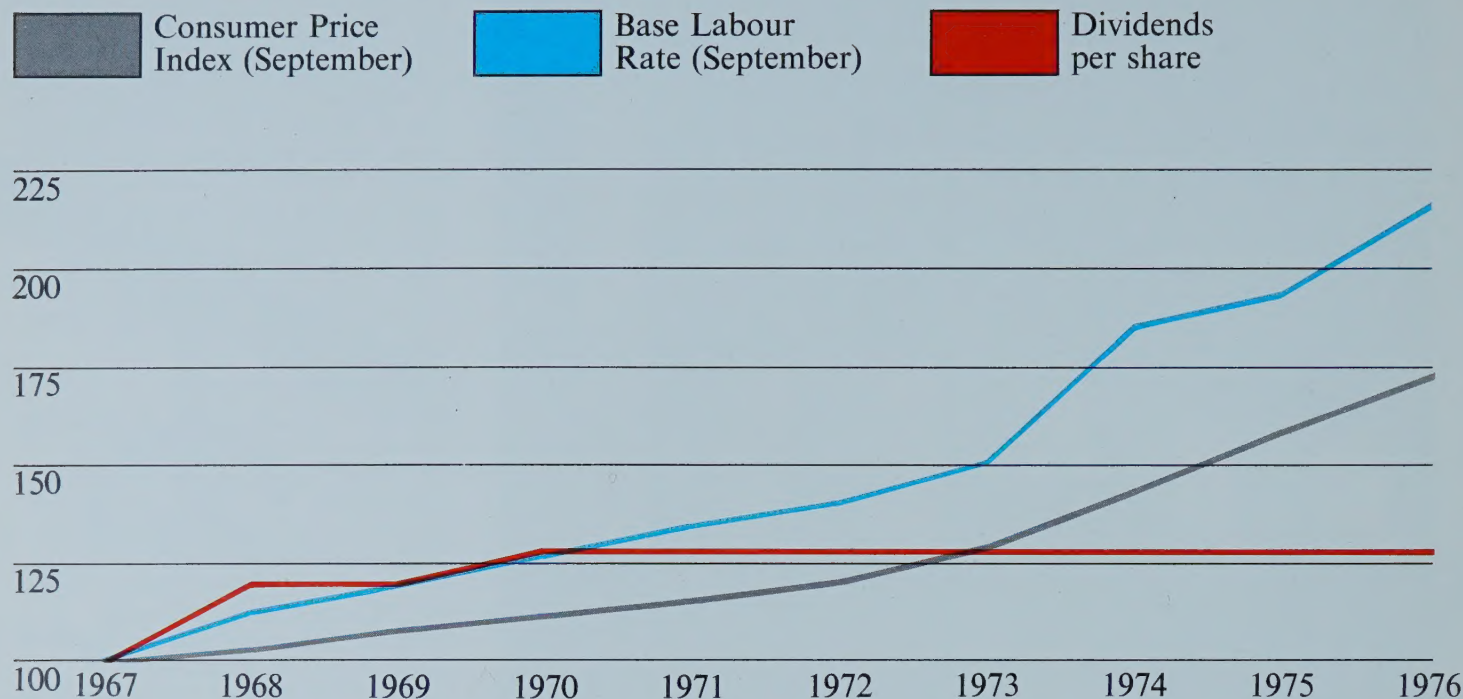
Oil and Gas

In both construction materials and packaging, plastic resin is a major component of the cost of production. An investment in oil and gas exploration and development is believed a practical approach to provide some insulation against increasing resin costs. Accordingly, a drilling fund was established in which RIL has an interest with a partner competent and knowledgeable in the oil and gas drilling industry. Initial results have been successful, and it is planned to continue the programme in 1977.



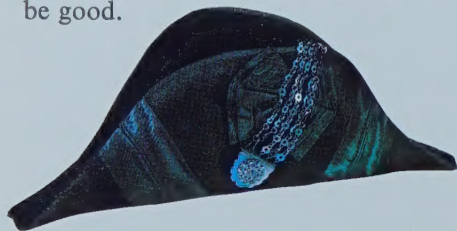
Pair of mid-19th century English sugar-nippers used to break off bits of hardened sugar for home use.

10 Year Comparative Indice
(as % of 1967 = 100)



Refined Syrups and Sugars, Inc.

For some years Redpath, in conjunction with Tate & Lyle, Limited, has been seeking a vehicle through which to enter the huge U.S. sugar market. Recently your company was able to purchase an interest in Refined Syrups and Sugars, Yonkers, New York. This investment has now been completed. Your company's President, Mr. Neil M. Shaw, was elected Chairman and Chief Executive of Refined Syrups and Sugars. Redpath will supply managerial, technical and trading expertise, and plans are now under way to improve the operations of the Yonkers refinery. The outlook for Refined Syrups and Sugars in the extensive U.S. market is believed to be good.



Hat belonging to the Edwardian court-dress of the Hon. Sir George Drummond, K.C.M.G., son-in-law of John Redpath and President of the Canada Sugar Company from 1880 to 1910.

Seaway Insurance Limited Devonport Trading Limited

During the year under review your company formed a wholly-owned subsidiary, Seaway Insurance Limited, Hamilton, Bermuda, to carry out certain insurance activities on behalf of your company. Devonport Trading Limited, Hamilton, Bermuda, was also created during the year to trade in commodities.

Housing Development

Your company's Crystal Estates real estate development in Chatham, Ontario, now in its final phase, has been delayed pending Ontario Municipal Board hearings on zoning applications. We are confident that the hearings, to be conducted in the near future, will result in the project going forward as originally planned. Serviced lots in the development are expected to sell quickly when they become available.

Appointments

Mr. Paul S. Newell was appointed to the Board of Directors filling the vacancy created by the retirement of Mr. William H. Punchard who served as a Director since 1963. Mr. Newell is President of Dominion Envelope Company Limited, Chairman of the

Board of Merry Packaging Limited and a director of several other companies. The extensive business experience he brings to the Board will be beneficial.

Mr. Punchard, who joined the company in 1920 and held the office of Vice-President prior to his retirement from active business duties in 1969, contributed significantly to the success of your company throughout the years.

During the year, Mr. Stephen Stachenko was appointed a Vice-President of the company with overall responsibility for the newly formed Agro-Industrial Division.

Mr. Ronald F. Booth was appointed Vice-President and General Counsel of the company.

Appreciation

We express appreciation to all employees of the Redpath group whose efforts and support in meeting the challenges of the past year contributed importantly to the results achieved.

On behalf of the board

N. M. Shaw, President
and Chief Executive Officer
November 30, 1976

Redpath Industries Limited
Annual Report 1976

FINANCIAL HIGHLIGHTS

| | |
|------------------------|----------------------|
| Sales..... | \$200,016,000 |
| Net Income..... | \$7,531,000 |
| Per Share..... | \$4.75 |
| Dividends..... | \$2,858,000 |
| Per Share..... | \$1.80 |

Higher volume of sugar sales contributed to higher sugar refining profits.

Profits from sugar trading increased.

Expenditure on property, new plant and equipment totalled \$5,555,000.

Working capital reached a new high of \$29,067,000.

The Last Ten Years in Review

(thousands of dollars except for amounts per share)

| | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 |
|--|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|
| Sales | \$200,016 | \$270,511 | \$223,708 | \$128,150 | \$103,247 | \$85,018 | \$74,746 | \$64,300 | \$54,614 | \$45,631 |
| Income taxes | \$5,145 | \$2,985 | \$4,216 | \$3,141 | \$3,300 | \$3,725 | \$3,250 | \$3,600 | \$3,650 | \$3,050 |
| Net income <i>(excluding extraordinary items)</i> | \$7,531 | \$7,343 | \$5,712 | \$5,244 | \$4,300 | \$4,392 | \$3,836 | \$4,243 | \$5,380 | \$3,894 |
| Dividends | \$2,858 | \$2,835 | \$2,819 | \$2,790 | \$2,790 | \$2,790 | \$2,635 | \$2,635 | \$2,170 | \$2,170 |
| Net income as % of sales | 3.76 | 2.71 | 2.55 | 4.09 | 4.16 | 5.17 | 5.13 | 6.60 | 9.85 | 8.53 |
| Net income as % of shareholders' equity | 11.65 | 12.25 | 10.38 | 10.06 | 8.73 | 9.19 | 8.32 | 9.52 | 12.52 | 9.33 |
| Earnings per share | \$4.75 | \$4.67 | \$3.65 | \$3.38 | \$2.77 | \$2.83 | \$2.47 | \$2.74 | \$3.47 | \$2.51 |
| Dividends per share | \$1.80 | \$1.80 | \$1.80 | \$1.80 | \$1.80 | \$1.80 | \$1.70 | \$1.70 | \$1.40 | \$1.40 |
| Cash flow per share | \$8.94 | \$6.59 | \$6.27 | \$4.93 | \$4.55 | \$3.98 | \$3.33 | \$2.87 | \$4.75 | \$3.20 |
| Book value per share | \$40.69 | \$37.77 | \$35.12 | \$33.63 | \$31.79 | \$30.82 | \$29.75 | \$28.77 | \$27.73 | \$26.94 |
| Working capital | \$29,067 | \$13,106 | \$10,132 | \$10,879 | \$10,944 | \$12,574 | \$13,669 | \$15,356 | \$16,273 | \$16,904 |
| Temporary investments | \$22,200 | \$16,440 | \$1,000 | — | — | — | \$278 | \$3,667 | \$4,858 | \$6,895 |
| Short-term notes | \$20,558 | \$32,019 | \$12,117 | \$16,035 | \$10,211 | \$3,830 | \$2,474 | \$910 | \$743 | — |
| Long-term debt | \$1,686 | \$2,172 | \$2,257 | \$2,926 | \$3,337 | \$3,730 | \$4,061 | \$5,520 | \$5,645 | \$4,700 |
| Shareholders' equity | \$64,625 | \$59,916 | \$55,014 | \$52,121 | \$49,276 | \$47,766 | \$46,113 | \$44,586 | \$42,978 | \$41,750 |
| Capital expenditures | \$5,555 | \$3,623 | \$5,230 | \$4,634 | \$4,927 | \$2,020 | \$1,803 | \$1,926 | \$617 | \$1,126 |
| Depreciation & amortization | \$3,659 | \$3,078 | \$2,980 | \$2,660 | \$2,439 | \$2,101 | \$1,754 | \$1,611 | \$1,726 | \$1,571 |
| Number of employees | 1,840 | 1,690 | 1,595 | 1,657 | 1,582 | 1,487 | 1,268 | 1,182 | 1,170 | 964 |
| Number of shareholders | 2,793 | 2,851 | 2,909 | 2,904 | 2,799 | 2,958 | 3,133 | 3,250 | 3,327 | 3,263 |

Consolidated Balance Sheet*Redpath Industries Limited and its subsidiaries**September 30, 1976*

| Assets | Notes | 1976 | 1975 |
|---|--------------|----------------------|----------------------|
| Current: | | | |
| Cash and temporary investments | 3 | \$ 23,185,000 | \$ 19,002,000 |
| Accounts receivable | 9 | 21,687,000 | 26,545,000 |
| Inventories | 1, 2 | 31,233,000 | 32,307,000 |
| Deferred income taxes on inventories | 1 | 1,096,000 | 2,365,000 |
| Income taxes recoverable | | — | 8,411,000 |
| Prepaid expenses | | 765,000 | 892,000 |
| Total Current Assets | | 77,966,000 | 89,522,000 |
| Investments | 1, 4 | 6,110,000 | 19,250,000 |
| Property, plant and equipment | 1, 5 | 38,621,000 | 36,923,000 |
| Unamortized balance of purchased goodwill | 1 | 548,000 | 563,000 |
| | | \$123,245,000 | \$146,258,000 |

On behalf of the Board:

C. F. Harrington, *Director*N. M. Shaw, *Director*

| Liabilities | Notes | 1976 | 1975 |
|----------------------------------|--------------|----------------------|----------------------|
| Current: | | | |
| Short-term notes | | \$ 20,558,000 | \$ 32,019,000 |
| Accounts payable | 9 | 12,137,000 | 27,246,000 |
| Income taxes payable | | 3,043,000 | — |
| Construction advances | 1, 3 | 13,161,000 | 17,151,000 |
| Total current liabilities | | 48,899,000 | 76,416,000 |
| Long-term debt | 6 | 1,686,000 | 2,172,000 |
| Deferred income taxes | 1 | 8,035,000 | 7,754,000 |
| Shareholders' Equity | | | |
| Capital stock | 7 | 15,621,000 | 15,585,000 |
| Appraisal increment | 1 | 6,232,000 | 6,232,000 |
| Contributed surplus | | 1,000,000 | 1,000,000 |
| Retained earnings | 10 | 41,772,000 | 37,099,000 |
| | | 64,625,000 | 59,916,000 |
| | | | |
| | | \$123,245,000 | \$146,258,000 |

Consolidated Statement of Income and Retained Earnings
Redpath Industries Limited and its subsidiaries

Year ended September 30, 1976

| | Notes | 1976 | 1975 |
|--|-------|---------------|---------------|
| Income: | | | |
| Sales and other income— | | | |
| Sales | 9 | \$200,016,000 | \$270,511,000 |
| Investment income | | 377,000 | 423,000 |
| | | 200,393,000 | 270,934,000 |
| Deduct— | | | |
| Cost of sales | | 162,350,000 | 239,699,000 |
| Selling, distribution and administrative expenses | | 19,829,000 | 16,603,000 |
| Depreciation and amortization | | 3,659,000 | 3,078,000 |
| Interest—long-term debt | | 117,000 | 135,000 |
| —other | | 2,227,000 | 2,524,000 |
| | | 188,182,000 | 262,039,000 |
| | | 12,211,000 | 8,895,000 |
| Income taxes | 1 | 5,145,000 | 3,985,000 |
| Income before equity in earnings of affiliated company | | 7,066,000 | 4,910,000 |
| Equity in earnings of affiliated company | 4 | 465,000 | 2,433,000 |
| Net income | | \$ 7,531,000 | \$ 7,343,000 |
| Earnings per share | 7 | \$4.75 | \$4.67 |
| Retained earnings: | | | |
| Balance beginning of year | | \$ 37,099,000 | \$ 32,591,000 |
| Net income | | 7,531,000 | 7,343,000 |
| | | 44,630,000 | 39,934,000 |
| Dividends paid | | 2,858,000 | 2,835,000 |
| Balance end of year | | \$ 41,772,000 | \$ 37,099,000 |

Consolidated Statement of Changes in Financial Position
Redpath Industries Limited and its subsidiaries

Year ended September 30, 1976

| Source of working capital: | 1976 | 1975 |
|--|---------------|---------------|
| Operations— | | |
| Net income | \$ 7,531,000 | \$ 7,343,000 |
| less: Equity in earnings of affiliated company | 465,000 | 2,433,000 |
| | 7,066,000 | 4,910,000 |
| Depreciation and amortization | 3,659,000 | 3,078,000 |
| Deferred tax credits | 281,000 | 29,000 |
| Dividends from affiliated company | 2,725,000 | — |
| Working capital provided by operations | 13,731,000 | 8,017,000 |
| Proceeds from: | | |
| Issue of shares | 36,000 | 394,000 |
| Disposal of property, plant and equipment | 213,000 | 708,000 |
| Issue of long-term debt | — | 14,000 |
| Disposal of investment in affiliate | 15,175,000 | — |
| Disposal of other investments | 452,000 | 398,000 |
| Total working capital provided | 29,607,000 | 9,531,000 |
| Use of working capital: | | |
| Acquisition of investments | 4,747,000 | — |
| Additions to property, plant and equipment | 5,555,000 | 3,623,000 |
| Payment of dividends | 2,858,000 | 2,835,000 |
| Retirement of long-term debt | 486,000 | 99,000 |
| Total working capital used | 13,646,000 | 6,557,000 |
| Working capital: | | |
| Increase during year | 15,961,000 | 2,974,000 |
| Balance beginning of year | 13,106,000 | 10,132,000 |
| Balance end of year | \$ 29,067,000 | \$ 13,106,000 |

1. Significant accounting policies

The following is a summary of significant accounting policies used in the preparation of these financial statements.

a) Principles of Consolidation

The financial statements consolidate the accounts of Redpath Industries Limited and all of its subsidiaries. Goodwill resulting from the acquisition of subsidiaries is amortized on a straight-line basis at 2.5 % per year.

b) Inventories

A basic quantity of raw sugar equivalent is carried at a fixed value determined under the base stock method. Quantities in excess of this amount are hedged on commodities markets and are not at market risk. All other inventories are valued at the lower of cost and net realizable value.

c) Construction contract

Earnings from the construction contract are accounted for using the percentage-of-completion method whereby income is accrued in relation to the progress made. (Insufficient progress has been made on the Ivory Coast contract to warrant any income being accrued.)

d) Oil and Gas Properties

The company follows the full cost method of accounting for investments in oil and gas properties, whereby all costs relative to the exploration for and the development of such reserves are capitalized. These costs are depleted using the composite unit-of-production method based upon estimated proven reserves of oil and natural gas.

e) Property, Plant and Equipment

Property, plant and equipment is stated at appraised replacement cost at October 1, 1961, with subsequent additions recorded at cost. Depreciation is provided on plant and equipment on a straight-line basis over the estimated useful lives of the assets at rates varying from 2 % to 30 %.

f) Income Taxes

In accounting for income taxes the company follows the tax allocation method.

i) Deferred income taxes on inventories

The company's basis of valuation for sugar inventories is not accepted for income tax purposes. Taxes on the difference between this basis of valuation and that used in the calculation of current taxes payable are deferred.

ii) Deferred income taxes

Deferred taxes are provided on differences resulting from claiming capital cost allowance in excess of depreciation provided.

The company follows the flow-through method of accounting for investment tax credits whereby the provision for income taxes is reduced for such credits.

g) Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into Canadian dollars at rates of exchange prevailing at the year end. Net translation gains or losses are taken to income.

2. Inventories

| Raw materials, work in process and finished goods— | 1976 | 1975 |
|--|---------------------|---------------------|
| Sugar | \$15,707,000 | \$22,611,000 |
| Construction materials | 11,672,000 | 7,098,000 |
| Other products | 507,000 | 520,000 |
| | <u>27,886,000</u> | <u>30,229,000</u> |
| Manufacturing and maintenance supplies | 3,347,000 | 2,078,000 |
| | <u>\$31,233,000</u> | <u>\$32,307,000</u> |

The base stock of sugar inventories which consists of 65,000 long tons is valued at an average price of \$228 per long ton, which value exceeded market value at September 30, 1976 by approximately \$1,700,000.

3. Construction advances

| | 1976 | 1975 |
|--------------------------------|----------------------------|----------------------------|
| Construction advances received | \$31,085,000 | \$20,496,000 |
| Less: costs incurred | 17,924,000 | 3,345,000 |
| | <u>\$13,161,000</u> | <u>\$17,151,000</u> |

Advances received and still on hand are included in cash and temporary investments.
 Firm commitments for equipment and services amount to approximately \$14,600,000.

4. Investments

| | 1976 | 1975 |
|--|---------------------------|----------------------------|
| Affiliated company, at equity value | \$ — | \$17,435,000 |
| Portfolio, at cost (market value—\$3,813,000) | 4,179,000 | 151,000 |
| Oil and gas properties | 446,000 | — |
| Other, at the lower of cost and estimated realizable value | 1,485,000 | 1,664,000 |
| | <u>\$6,110,000</u> | <u>\$19,250,000</u> |

5. Property, plant and equipment

| | Investment | Accumulated depreciation and amortization | Net investment 1976 | Net investment 1975 |
|-----------|----------------------------|---|----------------------------|----------------------------|
| Property | \$ 3,497,000 | \$ — | \$ 3,497,000 | \$ 3,497,000 |
| Plant | 24,625,000 | 9,766,000 | 14,859,000 | 14,036,000 |
| Equipment | 46,622,000 | 26,357,000 | 20,265,000 | 19,390,000 |
| | <u>\$74,744,000</u> | <u>\$36,123,000</u> | <u>\$38,621,000</u> | <u>\$36,923,000</u> |

6. Long-term debt

The long-term debt, consisting primarily of 5% sinking fund debentures, is repayable as follows: 1977—\$68,000; 1978—\$1,178,000; 1979—\$78,000; 1980—\$83,000; 1981—\$88,000; 1982 and subsequently—\$259,000.

7. Capital stock

Common Stock

Authorized—3,000,000 Class A and Class B inter-convertible common shares of no par value

Issued, 1,588,250 common shares (1,586,500 in 1975).

Stock Options

Under a stock option plan for officers and key employees, shares were reserved for issue at prices which cannot be less than 90% of the fair market value at date of grant.

During the year, options representing 2,000 and 1,500 shares were granted to officers and key employees respectively. Options representing 1,750 shares were exercised.

| | Outstanding at September 30, 1976 | Option price | Expiry date |
|---------------------------------------|-----------------------------------|--------------|-------------------|
| Options to employees who are officers | 2,000 | \$21.375 | September 2, 1981 |
| Options to other key employees | 1,250 | \$19.80 | February 16, 1980 |
| | 500 | \$21.60 | April 14, 1981 |

Earnings per share

Earnings per share have been calculated on the average number of shares outstanding during the year.
 There would be no material dilution of earnings per share if all stock options were exercised.

8. Contingencies

Revenue Canada is examining transactions with a non-resident affiliated company and is considering an income tax claim against Redpath Industries Limited relating thereto. Submissions resisting such a claim have been made on the company's behalf. No assessments have been received to date and the company's professional advisers have recommended that if assessments are issued, they should be contested. Accordingly, no provision has been made in the accounts for any possible additional income tax.

The company, along with other refiners, has been acquitted of a charge under the Combines Investigation Act. The Crown is appealing the decision.

9. Additional information

a) Accounts receivable do not include any amounts due from affiliated companies (1975—\$510,000). Accounts payable include \$232,000 due to affiliated companies (1975—nil).

b) Sales by class of business were as follows:

| | 1976 | | 1975 | |
|----------------|----------------------|--------------|----------------------|--------------|
| | Amount | % | Amount | % |
| Sugar refining | \$152,857,000 | 76.4 | \$238,086,000 | 88.0 |
| Construction | 44,363,000 | 22.2 | 29,590,000 | 10.9 |
| Other | 2,796,000 | 1.4 | 2,835,000 | 1.1 |
| | <u>\$200,016,000</u> | <u>100.0</u> | <u>\$270,511,000</u> | <u>100.0</u> |

c) The aggregate remuneration of the company's twelve directors and seven officers, in those capacities, was \$32,875 and \$240,661 respectively. Three officers served on the Board of Directors during the year.

d) Commitments for the acquisition of property, plant and equipment aggregate approximately \$1,300,000.

e) Certain of the figures for 1975 have been regrouped to conform with the presentation adopted in the current year.

10. Anti-Inflation Program

Under the federal government's anti-inflation program (presently scheduled to be in force until December 31, 1978) the company is subject to mandatory compliance with legislation which controls prices, profit margins, employee compensation and shareholder dividends.

It is the company's policy to make appropriate provision for the effect, if any, of the program on the results of operations.

Dividends to the company's common shareholders during the year ending October 13, 1977 may not exceed \$1.944 per Class A share and \$1.6524 per Class B share.

11. Subsequent events

The company has acquired or agreed to acquire interests in certain businesses for a total purchase commitment of up to \$5,500,000.

Auditors' Report

To the Shareholders of Redpath Industries Limited:

We have examined the consolidated balance sheet of Redpath Industries Limited and its subsidiaries as at September 30, 1976 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the outcome of the matters described in note 8, these consolidated financial statements present fairly the financial position of the companies as at September 30, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

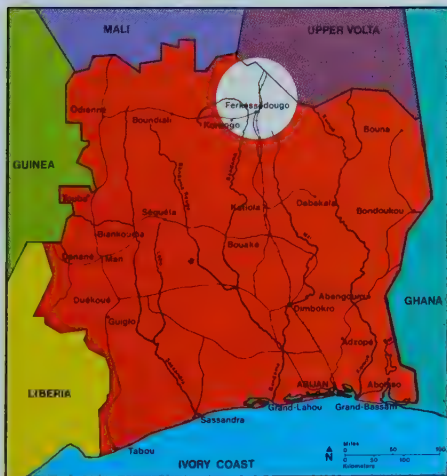
Montreal, Canada,
November 19, 1976.

Clarkson, Gordon & Co.
Chartered Accountants.

Ivory Coast Project

In April Redpath Sugars Limited was awarded a \$172 million contract to construct a raw sugar cane complex for the Republic of the Ivory Coast. Over \$74 million of the project will be spent in Canada for Canadian goods and services. Tate & Lyle will provide technical assistance for RSL's first major consulting assignment abroad.

Signing the Ivory Coast Contract are (left to right) John MacDonald, president of the Export Development Corporation; Abdoulaye Sawadogo, Minister of Agriculture, Ivory Coast; Stephen Stachenko, vice president, Redpath Industries Limited; Henri Konan-Bédié, Minister of Economy and Finance, Ivory Coast.



Redpath Sugars Limited

Early in 1976, to comply with government policy, the sugar industry switched its packaging to metric sizes. Redpath has now carried out the conversion which saw the familiar five pound bag replaced by the slightly smaller two kilogram package (4.4 pounds). The new packages are sold on the same per unit basis as the old, which means that the new two kilo size costs less than the five pound bag.

Sugar supplies energy in the form of carbohydrate and it is one of the cheapest sources of energy in the human diet. But a balanced diet should provide all of the nutrients we need—proteins, vitamins, minerals, fat and carbohydrates. Sugar can only supply one of these nutrients and should be consumed in moderation. The Food Prices Review Board in its report "What Price Nutrition" included 10 pounds of sugar per month in its list for a nutritious diet for a family of four.

Studies have recently been carried out which show that carbohydrate consumption can increase

athletic and work performance. Dr. John Brooke, currently Chairman of the Department of Human Kinetics at the University of Guelph, reports that his studies to date indicate the muscle glycogen stores are almost emptied during exhaustive work. Various diets which restore the glycogen or energy level were tried and high

carbohydrate diets proved to be the most effective.

In one study with trained racing cyclists, a high carbohydrate drink significantly extended work beyond that performed with a normal diet or no diet. In another study involving factory workers it was found that accident rates were highest when little carbohydrate was being metabolized. When a glucose syrup supplement was provided fewer accidents occurred.

A night view of Redpath Sugars' Toronto refinery.





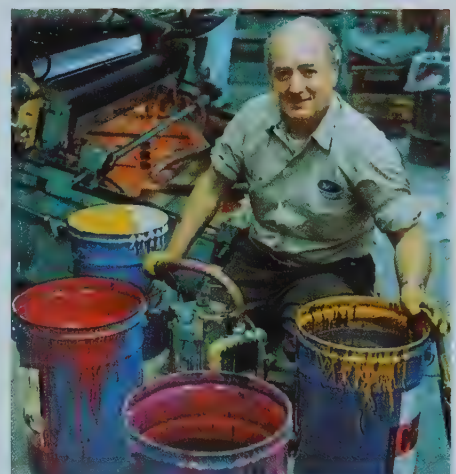
CB Packaging Limited

CB Packaging Limited, Toronto, produces a variety of plastic wrappings for Canada's food and manufacturing industries. It extrudes low-density polyethylene film on the premises as well as converting film to packages.

CB's high-speed six-colour flexographic printing press is one of the most sophisticated in Canada. Cec Cowan, senior pressman, is seen with the inks he will use in a printing run.

In October Redpath Industries Limited announced plans to broaden its packaging division by purchasing two more companies. They are Merry Packaging Limited and Holway Packaging, both in Toronto.

Like CB Packaging, Merry is a converter of flexible packaging materials. Holway is a supplier of custom set-up and folding cartons and will substantially widen the range of products of RIL's packaging division.





Gienow Limited

This year Gienow Limited established sales and warehouse facilities in Edmonton to complement its plant in Calgary, Alberta. The Calgary plant expanded to house the woodshop, which makes door frames and cores, under the same roof. Gienow's product lines of aluminum doors and windows have been trimmed to improve its outlook for 1977.

Multi Fittings Limited

One of the largest manufacturers of plastic fittings in Canada hasn't stopped at the border. Multi Fittings Limited, based in London, Ontario, created a U.S. division—called Multi Fittings (U.S.A.) Limited—in August 1974 with the opening of a plant in Waco, Texas. That operation was joined on January 5, 1976 by a distribution centre in St. Clair, Michigan.

Multi's fittings, made from ABS or PVC, join plastic pipe, iron pipe, and cement asbestos pipe in



any combination of those three, to provide plumbing, sewer, and drainage systems. The fittings are distributed through pipe manufacturers and other wholesalers and retailers for use in residential and municipal construction.



London Plastics Machinery Limited

London Plastics Machinery Limited, a subsidiary of Multi Fittings, specializes in custom machining, building moulds and injection units, and remanufacturing plastic moulding machines. Reconditioning worn machines can save as much as one third the cost of a new machine.

LPM, located in London, Ontario, was created initially to fill Multi Fittings' need for specialized machines. It now serves a range of companies, and is adding another 14,000 square feet of floor space to its plant.



Daymond Limited *Plastics*

Daymond Limited produces solid vinyl siding at its Clarkson plant. Each panel of siding meshes in a traditional clapboard design that keeps out the extremes of the Canadian climate.

Daymond's PVC Rapidseal pipe, also from the Clarkson plant, has its prime use in municipal water and sewer systems. Contractors find up to 1,000 feet of Rapidseal municipal pressure pipe can be installed per day under good conditions.



Aluminum

Daymond introduced a new concept in flexible display and shelving systems this year called Click. Click is a system of 30 interlocking anodized aluminum components which can be assembled in a variety of forms to fit any space requirement.

Daymond's patented process to produce Tuffy ladders has been sold to a number of countries abroad.

Daymond's aluminum division in Chatham, Ontario, extrudes aluminum profiles for the automotive, appliance, construction, and mobile home industries.

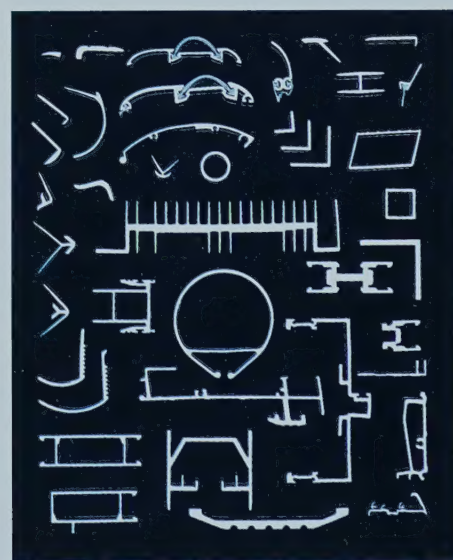
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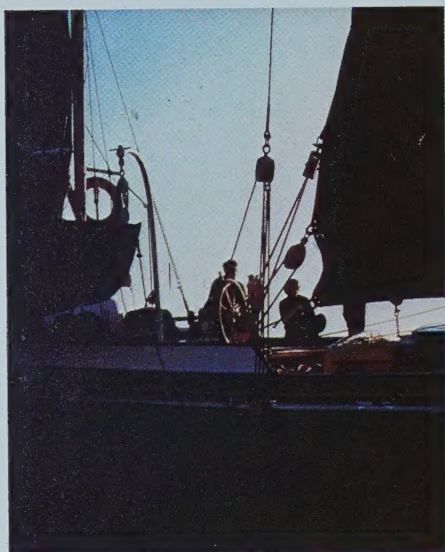


Drainage

Daymond's plants in Calgary (Alberta), Centralia (Ontario), and Baie d'Urfé (Quebec), produce a flexible agricultural drainage pipe called Flexdrain from high density polyethylene. It is useful in removing surplus water and salt buildup in soil after irrigation.

Certain-teed/Daymond Co., a partnership between RIL and Certain-teed Products Corporation, has plants producing drainage pipe in Lake Mills (Iowa), Geneva (New York), Lawrenceville (Illinois), and Montpelier (Indiana).





May

May's debut on April 14 in Toronto Harbour marked the start of a successful five-month season in North America. The Thames Sailing Barge called at 10 ports during her 1,500-mile good-will tour, sponsored by RIL, including Montreal, Hamilton, Windsor, Buffalo, Kingston, and Toledo. More than 30,000 people visited this 85-year-old debutante that brought the Tate & Lyle name to North America with such charm.



